

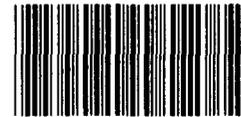
GAO

Fact Sheet for the Honorable
Charles E. Schumer, House of
Representatives

April 1992

AGRICULTURE PAYMENTS

Number of Individuals Receiving 1990 Deficiency Payments and the Amounts

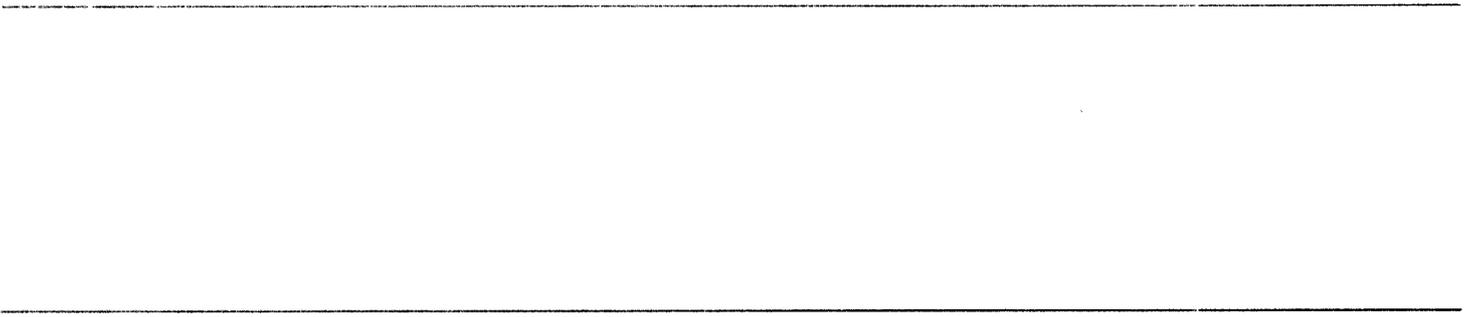


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United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-248125

April 27, 1992

The Honorable Charles E. Schumer
House of Representatives

Dear Mr. Schumer:

As agreed with your office, we have compiled information for crop year 1990 on the (1) number of individuals who--by participating in the U.S. Department of Agriculture's (USDA) farm programs for wheat, feed grains, cotton, and rice--received income support payments in their own name and through entities, general partnerships, and joint ventures and (2) the amount of those payments. This information supplements the analysis of 1989 farm program payments included in our recent report to you entitled Agriculture Payments: Effectiveness of Efforts to Reduce Farm Payments Has Been Limited (GAO/RCED-92-2, Dec. 5, 1991).

USDA makes payments to producers from several farm programs, including the disaster assistance, conservation reserve, and income support programs. Income support payments, referred to as deficiency payments, are the principal payments made to producers who participate in farm programs for wheat, feed grains, cotton, and rice. These payments are designed to protect producers' incomes when crop prices fall below set prices. For program year 1990, USDA's deficiency payments totaled about \$6.8 billion, or about 75 percent of the total \$9.1 billion in farm program payments.

The amount of deficiency payments that producers receive generally varies with their level of production, the market price, and the target price. The deficiency rate itself, which is based on the market price and target price, can vary considerably. For example, for corn, the deficiency payment rate decreased by 51 percent between 1987 and 1990--from \$1.09 a bushel to 53 cents a bushel.

The Food Security Act of 1985 limits deficiency payments to \$50,000 per person annually. For the act's purposes, a person is broadly defined to be an individual, an entity (such as a corporation, limited partnership, association, trust, or estate), or a member of a joint operation (such as a general partnership or joint venture). A member of a joint operation may be an individual or an entity. Although

this limit of \$50,000 exists, an individual may qualify for deficiency payments of up to \$100,000 annually. An individual could receive deficiency payments (1) as an individual and as someone owning a substantial interest in no more than two entities that qualify for payments or (2) as someone owning a substantial interest in no more than three entities that qualify for payments.¹

In summary, our analysis of deficiency payments for crop year 1990 shows that 1,104,445 individuals received payments. In compiling the information, we allocated payments to entities, general partnerships, and joint ventures to the individual owners in proportion to their ownership. Of the individuals who received payments,

- 829,572 received about \$4.8 billion in their own name only,
- 171,559 who owned an interest in one or more entities received about \$935 million,
- 87,909 who owned an interest in general partnerships and joint ventures received about \$628 million, and
- 15,405 who owned an interest in both one or more entities and general partnerships and/or joint ventures received about \$316 million.

The deficiency payments varied widely among individuals-- 903,049 received payments ranging from \$1 to \$10,000, which averaged about \$2,500; 118,723 received payments ranging from \$10,001 to \$20,000, which averaged about \$14,000; 78,862 received payments ranging from \$20,001 to \$50,000, which averaged about \$31,500; and 3,811 received payments of \$50,001 or more, which averaged about \$65,500.

Our analysis of deficiency payments for crop year 1990, the most recent year for which data were available, is presented in four sections. Section 1 contains information on total farm program payments. Section 2 contains information on the number of individuals receiving deficiency payments and the amounts of their payments. Section 3 contains

¹USDA considers interests of 10 percent or more to be substantial, but it may consider any level of ownership as substantial.

information on the number of individuals who were owners in general partnerships and joint ventures and the amounts of their total payments (through those partnerships and ventures, through entities, and as individuals). Section 4 contains information on the number of individuals who were owners in entities and the amounts of their total payments (through entities, through general partnerships and joint ventures, and as individuals).

SCOPE AND METHODOLOGY

We conducted our work between January and March 1992. We analyzed farm program payments for 1990, the latest year for which data were substantially complete. We used payment information, as of November 1991, recorded in USDA's Agricultural Stabilization and Conservation Service's summarized computer data files, located at the Kansas City Management Office. USDA had not completed its review of deficiency payments for crop year 1990 for correctness and had not made final adjustments to payments in administering the payment limit. A USDA representative said that the review was delayed because the staff responsible was designing procedures to implement legislation that provides disaster assistance for crop years 1990 and 1991. However, on the basis of our previous review of 1989 payments, in which we concluded that USDA's computer system was effective in monitoring payments, enforcing the payment limit, and collecting the few overpayments, we treated 1990 payments to individuals as if these payments did not exceed the limit.

Because of time constraints, and as agreed with your office, we limited the scope of our review. We did not independently verify USDA's 1990 deficiency payments. And, in the information we present, we have not combined certain payments that USDA combines in determining whether payments are within the limit. For example, we did not combine payments to a husband and a wife or to parents and minor children. In administering the payment limit, USDA generally considers a husband, wife, and minor children to be one person. Combining such payments would reduce the number of individuals who are counted in our analysis as receiving payments and would increase the level of their payments. Other limitations to the scope of our review are identified in this fact sheet where applicable.

The USDA assistant deputy administrator responsible for implementing the payment limit and the director of the Kansas City Management Office reviewed a summary of the

results of our analysis. The officials said they knew of no similar analysis within USDA to compare the results with and therefore had no specific observations on the results, but the officials did not believe the results were unreasonable.

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As arranged with your office, we plan no further distribution of this fact sheet for 10 days from the date of this letter unless you publicly announce its contents earlier. At that time, we will send copies to the Chairman and Ranking Minority Member, House Committee on Agriculture; Chairman and Ranking Minority Member, Senate Committee on Agriculture, Nutrition, and Forestry; Chairman and Ranking Minority Member, House Committee on Appropriations; Chairman and Ranking Minority Member, Senate Committee on Appropriations; Senator Thomas A. Daschle; Representative Timothy J. Penny; and other interested parties. We will also make copies available to others upon request.

If you have any questions, please contact me at (202) 275-5138. Major contributors to this fact sheet are listed in appendix I.

Sincerely yours,



John W. Harman
Director, Food and
Agriculture Issues

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ABBREVIATIONS

GAO USDA	General Accounting Office U.S. Department of Agriculture
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SECTION 1

1990 FARM PROGRAM PAYMENTS
AND LEVEL OF PAYMENTS TO PAYEES

This section contains information on the total farm program payments for crop year 1990, including deficiency payments. We included all payments that were recorded through November 1991 in the U.S. Department of Agriculture's (USDA) summarized computer data files. In 1990, most major programs had payment limits, although the limits varied among the programs. The section also contains information on the level of deficiency payments and the number of payees.

Table 1.1: 1990 Farm Program Payments

<u>Type of program</u>	<u>Amount</u>
Deficiency	\$6,786,032,988
Disaster assistance (primarily emergency feed)	120,349,291
Conservation reserve (annual)	1,593,198,173
Conservation reserve (other)	102,188,765
Agricultural conservation	177,646,390
Dairy termination	179,155,488
Wool	45,520,971
Mohair	50,735,717
Other	<u>62,034,022</u>
Total	<u>\$9,116,861,805</u>

Table 1.2: Level of Payments to Payees for 1990 Farm Program Payments

Payment amount	Number of payees				Total	Total payments (millions)
	Individuals	General partnerships and joint ventures	Entities	Other ^a		
\$1,000,001 & over	<u>0</u>	<u>1</u>	<u>0</u>	<u>6</u>	<u>7</u>	<u>\$14</u>
900,001-1,000,000	0	0	0	0	0	0
800,001-900,000	0	1	0	0	1	1
700,001-800,000	0	1	0	0	1	1
600,001-700,000	0	2	0	2	4	3
500,001-600,000	<u>1</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>7</u>	<u>4</u>
Subtotal	<u>1</u>	<u>10</u>	<u>0</u>	<u>2</u>	<u>13</u>	<u>\$8</u>
400,001-500,000	2	21	1	3	27	12
300,001-400,000	4	42	4	0	50	17
200,001-300,000	18	181	11	2	212	51
100,001-200,000	<u>321</u>	<u>1,377</u>	<u>140</u>	<u>10</u>	<u>1,848</u>	<u>243</u>
Subtotal	<u>345</u>	<u>1,621</u>	<u>156</u>	<u>15</u>	<u>2,137</u>	<u>\$323</u>
90,001-100,000	278	661	149	11	1,099	105
80,001-90,000	431	568	174	9	1,182	100
70,001-80,000	711	699	264	5	1,679	125
60,001-70,000	1,461	902	472	13	2,848	184
50,001-60,000	<u>4,347</u>	<u>1,203</u>	<u>1,322</u>	<u>25</u>	<u>6,897</u>	<u>371</u>
Subtotal	<u>7,228</u>	<u>4,033</u>	<u>2,381</u>	<u>63</u>	<u>13,705</u>	<u>\$886</u>
40,001-50,000	13,578	1,532	4,274	75	19,459	891
30,001-40,000	20,009	2,209	4,356	96	26,670	918
20,001-30,000	43,527	3,330	6,250	181	53,288	1,298
10,001-20,000	123,263	6,141	10,676	357	140,437	1,977
1-10,000	<u>1,008,180</u>	<u>22,894</u>	<u>45,831</u>	<u>3,577</u>	<u>1,080,482</u>	<u>2,802</u>
Subtotal	<u>1,208,557</u>	<u>36,106</u>	<u>71,387</u>	<u>4,286</u>	<u>1,320,336</u>	<u>\$7,886</u>
Total	<u>1,216,131</u>	<u>41,771</u>	<u>73,924</u>	<u>4,372</u>	<u>1,336,198</u>	<u>\$9,117</u>

Notes: Columns may not add to totals because of rounding. A payee is the individual or organization that USDA made the payment to and may be different from the person or persons who met the requirements for the payment and who are subject to the payment limit. For example, payments to general partnerships or joint ventures are the combined total payments for which the members (individuals and entities) individually qualified.

^a"Other" includes public schools, Indian tribal ventures, state and local governments, and charitable organizations.

Table 1.3: Level of Payments to Payees for 1990 Deficiency Payments

<u>Payment amount</u>	<u>Number of payees</u>				<u>Total</u>	<u>Total payments (millions)</u>
	<u>Individuals</u>	<u>General partnerships and joint ventures</u>	<u>Entities</u>	<u>Other^a</u>		
\$1,000,001 & over		<u>1</u>		<u>2</u>	<u>3</u>	<u>\$5</u>
900,001-1,000,000		0		1	1	1
800,001-900,000		1		0	1	1
700,001-800,000		1		0	1	1
600,001-700,000		2		1	3	2
500,001-600,000		<u>4</u>		<u>0</u>	<u>4</u>	<u>2</u>
Subtotal		<u>8</u>		<u>2</u>	<u>10</u>	<u>\$7</u>
400,001-500,000		12		2	14	6
300,001-400,000		38		0	38	13
200,001-300,000		131		1	132	32
100,001-200,000		<u>1,115</u>		<u>5</u>	<u>1,120</u>	<u>153</u>
Subtotal		<u>1,296</u>		<u>8</u>	<u>1,304</u>	<u>\$205</u>
90,001-100,000		660		5	665	64
80,001-90,000		528		4	532	45
70,001-80,000		634		1	635	47
60,001-70,000		823		1	824	53
50,001-60,000		<u>1,068</u>		<u>9</u>	<u>1,077</u>	<u>59</u>
Subtotal		<u>3,713</u>		<u>20</u>	<u>3,733</u>	<u>\$269</u>
40,001-50,000	12,889	1,391	4,970	72	19,322	904
30,001-40,000	14,962	1,957	3,819	58	20,796	715
20,001-30,000	33,097	2,868	5,518	110	41,593	1,013
10,001-20,000	95,420	5,026	8,922	219	109,587	1,545
1-10,000	<u>713,616</u>	<u>18,458</u>	<u>37,584</u>	<u>2,101</u>	<u>771,759</u>	<u>2,123</u>
Subtotal	<u>869,984</u>	<u>29,700</u>	<u>60,813</u>	<u>2,560</u>	<u>963,057</u>	<u>\$6,300</u>
Total	<u>869,984</u>	<u>34,718</u>	<u>60,813</u>	<u>2,592</u>	<u>968,107</u>	<u>\$6,786</u>

Notes: Columns may not add to totals because of rounding. A payee is the individual or organization that USDA made the payment to and may be different from the person or persons who met the requirements for the payment and who are subject to the payment limit. For example, payments to general partnerships or joint ventures are the combined total payments for which the members (individuals and entities) individually qualified.

^a"Other" includes public schools, Indian tribal ventures, state and local governments, and charitable organizations. Public schools are exempt from the payment limit. Indian tribal ventures may exceed the payment limit if specified requirements are met.

SECTION 2

LEVEL OF 1990 DEFICIENCY PAYMENTS
TO INDIVIDUALS

This section shows the level of deficiency payments in 1990; the number of individuals who received these payments; and the means through which individuals received these payments, that is, in their own name, as members of general partnerships and joint ventures, and as owners in entities. We allocated the payments to general partnerships, joint ventures, and entities to the individual owners in proportion to their ownership.

Table 2.1: Level of 1990 Deficiency Payments to Individuals

<u>Payment amount</u>	<u>Number of individuals</u>	<u>Total payments</u>
\$90,001 & over	252	\$24,453,649
80,001-90,000	189	15,991,187
70,001-80,000	795	59,243,862
60,001-70,000	1,027	66,307,643
50,001-60,000	<u>1,548</u>	<u>84,260,325</u>
Subtotal	<u>3,811</u>	<u>\$250,256,666</u>
40,001-50,000	16,058	750,253,230
30,001-40,000	19,548	671,869,000
20,001-30,000	43,256	1,050,682,556
10,001-20,000	118,723	1,669,471,923
1-10,000	<u>903,049</u>	<u>2,319,371,125</u>
Subtotal	<u>1,100,634</u>	<u>\$6,461,647,834</u>
Total	<u>1,104,445</u>	<u>\$6,711,904,500^a</u>

Note: Columns may not add to totals because of rounding.

^aExcludes about \$74 million paid to (1) general partnerships, joint ventures, and entities for which we could not readily obtain needed information from USDA's summarized computer records and (2) other payees (identified in table 1.3).

Table 2.2: Level of 1990 Deficiency Payments to Individuals, by Means of Payment

Payment amount	Individuals receiving payments					
	In their own name only		Who were members of general partnerships and joint ventures ^a		Who were members of entities ^b	
	Number	Total payments (thousands)	Number	Total payments (thousands)	Number	Total payments (thousands)
\$90,001 & over			171	\$16,639	252	\$24,454
80,001-90,000			114	9,615	189	15,991
70,001-80,000			433	32,355	795	59,244
60,001-70,000			502	32,468	1,027	66,308
50,001-60,000			<u>654</u>	<u>35,802</u>	<u>1,548</u>	<u>84,260</u>
Subtotal			<u>1,874</u>	<u>\$126,879</u>	<u>3,811</u>	<u>\$250,257</u>
40,001-50,000	10,836	507,138	3,420	160,890	2,739	124,458
30,001-40,000	13,488	462,386	3,686	127,450	3,612	125,034
20,001-30,000	30,603	742,054	6,639	162,968	7,920	192,957
10,001-20,000	90,382	1,266,819	13,147	189,142	17,591	248,968
1-10,000	<u>684,263</u>	<u>1,855,081</u>	<u>74,548</u>	<u>176,082</u>	<u>151,291</u>	<u>309,111</u>
Subtotal	<u>829,572</u>	<u>\$4,833,477</u>	<u>101,440</u>	<u>\$816,532</u>	<u>183,153</u>	<u>\$1,000,528</u>
Total	<u>829,572</u>	<u>\$4,833,477</u>	<u>103,314</u>	<u>\$943,410</u>	<u>186,964</u>	<u>\$1,250,785</u>

Notes: Columns may not add to totals because of rounding. In describing the total payments received by individuals who were members of general partnerships and joint ventures and by individuals who were owners in entities, the columns for these two means of payment both include 15,405 individuals and payments to them of about \$316 million because these individuals received payments through both means. Therefore, individuals who were members of general partnerships but not owners in entities numbered 87,909 and received payments of about \$628 million, and individuals who were owners in entities but not members of general partnerships and joint ventures numbered 171,559 and received about \$935 million.

^aThe column includes all payments attributed to individuals who were members of general partnerships or joint ventures, including about \$316 million in payments made to 15,405 individuals in their own name and/or allocated to them through entities in which they were owners. Additional analysis of payments to individuals who were members of general partnerships and joint ventures is presented in section 3.

^bThe column includes all payments attributed to individuals who were owners in entities, including about \$439 million in payments made to 35,794 individuals in their own name and/or through general partnerships and joint ventures in which they were members. Additional analysis of payments to individuals who were owners in entities is presented in section 4.

SECTION 3

LEVEL OF 1990 DEFICIENCY PAYMENTS TO
INDIVIDUALS WHO WERE MEMBERS OF GENERAL
PARTNERSHIPS AND JOINT VENTURES

This section shows the level of 1990 deficiency payments that individuals who were members of general partnerships and joint ventures received, including payments in their own name and through their ownership in entities. It also shows the payments to the general partnerships and joint ventures themselves, broken down by the number of owners and by the amount of payments. We allocated the payments to general partnerships, joint ventures, and entities to the individual owners in proportion to their ownership.

Table 3.1: Payments to Individuals Who Were Members of General Partnerships and Joint Ventures, Including Payments in Their Own Name and/or Through Entities

<u>Means of payment</u>	<u>Number of individuals</u>	<u>Total payments</u>
Individual's own name, general partnerships, and joint ventures	<u>87,909</u>	<u>\$627,642,822</u>
Individual's own name, general partnerships, joint ventures, and entities		
1 entity	8,237	162,826,052
2 entities	2,273	91,585,419
3 entities or more	<u>200</u>	<u>6,809,032</u>
Subtotal	<u>10,710</u>	<u>\$261,220,504</u>
Entities only		
1 entity	3,340	22,052,701
2 entities	909	16,270,816
3 entities	428	15,696,311
4 entities or more	<u>18</u>	<u>527,199</u>
Subtotal	<u>4,695</u>	<u>\$54,547,027</u>
Total	<u>103,314</u>	<u>\$943,410,353</u>

Notes: Columns may not add to totals because of rounding. Included are 8,251 individuals who received about \$98 million in payments through entities that were members of general partnerships and joint ventures.

Table 3.2: Level of Payments to Individuals Who Were Members of General Partnerships and Joint Ventures, Including Payments in Their Own Name and/or Through Entities

<u>Payment amount</u>	<u>Number of individuals</u>	<u>Total payments</u>
\$90,001 & over	171	\$16,639,017
80,001-90,000	114	9,615,376
70,001-80,000	433	32,354,980
60,001-70,000	502	32,467,600
50,001-60,000	<u>654</u>	<u>35,801,679</u>
Subtotal	<u>1,874</u>	<u>\$126,878,652</u>
40,001-50,000	3,420	160,889,866
30,001-40,000	3,686	127,450,216
20,001-30,000	6,639	162,967,503
10,001-20,000	13,147	189,142,063
1-10,000	<u>74,548</u>	<u>176,082,052</u>
Subtotal	<u>101,440</u>	<u>\$816,531,700</u>
Total	<u>103,314</u>	<u>\$943,410,353</u>

Notes: Columns may not add to totals because of rounding. Included are 8,251 individuals who received about \$98 million in payments through entities that were members of general partnerships and joint ventures. The maximum allowable payment for individuals in general partnerships and joint ventures could have exceeded \$100,000: \$50,000 as individual members and in their own name, plus \$25,000 through their 50-percent ownership in each of two entities, plus payments through any other entities in which they owned an interest--of less than 10 percent--that USDA did not consider substantial.

Table 3.3: Level of Payments to Individuals Through General Partnerships and Joint Ventures and Through Entities That Were Members of General Partnerships and Joint Ventures

<u>Payment amount</u>	<u>Number of individuals</u>	<u>Total payments</u>
\$90,001 & over	120	\$11,744,832
80,001-90,000	59	4,952,521
70,001-80,000	221	16,435,848
60,001-70,000	228	14,799,940
50,001-60,000	<u>257</u>	<u>14,104,015</u>
Subtotal	885	\$62,037,156
40,001-50,000	3,163	148,845,896
30,001-40,000	3,184	110,060,001
20,001-30,000	5,882	144,275,350
10,001-20,000	11,892	171,038,091
1-10,000	<u>78,297</u>	<u>169,446,260</u>
Subtotal	102,418	\$743,665,598
Total	<u>103,303</u>	<u>\$805,702,751^a</u>

Notes: Columns may not add to totals because of rounding. Included are 8,251 individuals who received about \$98 million in payments through entities that were members of general partnerships and joint ventures. The maximum allowable payment to individuals in general partnerships and joint ventures could have exceeded \$100,000: \$50,000 as individual members, plus \$25,000 through their 50-percent ownership in each of two entities, plus payments through any other member entities in which they owned an interest--of less than 10 percent--that USDA did not consider substantial.

^aExcludes \$3,023,784 for which we could not readily obtain needed information from USDA's summarized computer records.

Table 3.4: Payments to General Partnerships and Joint Ventures, by Number of Members (Individuals and Entities)

<u>Number of members in general partnerships or joint ventures</u>	<u>Number of general partnerships and joint ventures</u>	<u>Total payments</u>
3 or fewer	23,149	\$488,141,411
4	4,896	122,648,353
5	1,692	36,571,114
6	1,820	62,681,173
7	535	9,285,015
8	662	24,629,918
9	277	11,520,429
10	<u>297</u>	<u>12,563,727</u>
Subtotal	33,328	\$768,041,140
Over 11	<u>734</u>	<u>40,685,395</u>
Total	<u>34,062</u>	<u>\$808,726,535</u>

Notes: Columns may not add to totals because of rounding.
Included are 8,251 individuals who received about \$98 million in payments through entities that were members of general partnerships and joint ventures.

Table 3.5: Level of Payments to General Partnerships and Joint Ventures

<u>Payment amount</u>	<u>Number of general partnerships and joint ventures</u>	<u>Total payments</u>
\$1,000,001 & over	<u>1</u>	<u>\$1,144,694</u>
900,000-1,000,000	0	0
800,001-900,000	1	806,420
700,001-800,000	1	706,452
600,001-700,000	2	1,299,152
500,001-600,000	<u>4</u>	<u>2,238,882</u>
Subtotal	<u>8</u>	<u>\$5,050,906</u>
400,001-500,000	12	5,291,546
300,001-400,000	37	12,952,914
200,001-300,000	131	31,953,791
100,001-200,000	<u>1,106</u>	<u>151,494,032</u>
Subtotal	<u>1,286</u>	<u>\$201,692,282</u>
90,001-100,000	662	63,715,056
80,001-90,000	524	44,503,254
70,001-80,000	634	47,383,479
60,001-70,000	820	53,129,001
50,001-60,000	<u>1,063</u>	<u>58,056,350</u>
Subtotal	<u>3,703</u>	<u>\$266,787,139</u>
40,001-50,000	1,354	60,693,736
30,001-40,000	1,937	67,144,182
20,001-30,000	2,844	70,248,911
10,001-20,000	4,953	71,387,536
1-10,000	<u>17,976</u>	<u>64,577,148</u>
Subtotal	<u>29,064</u>	<u>\$334,051,514</u>
Total	<u>34,062</u>	<u>\$808,726,535</u>

Note: Columns may not add to totals because of rounding.

SECTION 4

LEVEL OF 1990 DEFICIENCY PAYMENTS TO INDIVIDUALS WHO WERE OWNERS IN ENTITIES

This section shows the level of 1990 deficiency payments that individuals who were owners in entities¹ received, including payments in their own name and through general partnerships and joint ventures. The section is presented in two parts. In describing payments to individuals who were owners in entities, the first part shows the information by the level of payments to individuals and the second, by the level and configuration of the ownership individuals had. We allocated the payments to entities, general partnerships, and joint ventures to the individual owners in proportion to their ownership.

Although USDA generally limits individuals' payments to those received through participation in no more than three entities, exceptions are allowed in specified circumstances. These circumstances and the four levels of ownership that USDA considers key in administering the payment limit for individuals owning an interest in entities are as follows:

- Over 50 percent. USDA considers payments that individuals receive through their ownership of more than 50 percent in an entity as payments in their own name, and not as payments through participation in an entity. In addition, USDA combines these payments with any payments the individuals receive in their own name and limits the combined amount to no more than \$50,000 annually.
- 50 percent. For entities to be considered actively engaged in farming, which is required to qualify for payments, the collective ownership of an entity must make a significant contribution of personal labor or active personal management to the operation. Individuals who own 50 percent of an entity can satisfy the requirement for the entity. Other owners may contribute personal labor or active personal management, although they are not required to do so. For the purpose of administering the payment limit, USDA counts an individual's 50-percent ownership in an entity as participation in one entity.
- 10 to 49 percent. For the purpose of administering the payment limit, USDA counts an individual's ownership of

¹Including entities that were members of general partnerships and joint ventures.

between 10 and 49 percent in an entity as participation in one entity.

- Less than 10 percent. Any entity in which individuals own less than a 10-percent interest may be excluded from USDA's count of the number of entities in which the individuals participate unless the agency concludes the interest owned is substantial. According to USDA Handbook 1-PL, individuals who own less than a 10-percent interest in an entity will be considered to own a substantial interest if (1) they receive payments through such ownership in more than one entity or (2) the arrangement has been established for the purpose of circumventing the limit on the number of entities through which payments can be received. For the purpose of administering the payment limit, USDA counts an individual's ownership of less than 10 percent in an entity as participation in one entity if the agency concludes that the interest owned is substantial.

In performing our analysis, we did not combine some payments that USDA combines and considers received by one individual in administering the payment limit. Payments that USDA combines include those payments to individuals (1) in their own name, (2) through entities in which individuals own an interest exceeding 50 percent, and (3) through ownership in general partnerships and joint ventures. In addition, we could not determine from USDA's summarized computer records whether the agency considered individuals' ownership of less than 10 percent in an entity as substantial. Therefore, while our analysis indicates that some individuals received payments through more than three entities, USDA does not, in applying the rule limiting to three the number of entities through which payments can be received, count those entities in which individuals had interests of more than 50 percent or less than 10 percent, unless the latter interests were considered substantial.

LEVEL OF PAYMENTS TO INDIVIDUALS THROUGH ENTITIES

Table 4.1 summarizes the payments, breaking them down by the number of entities through which individuals received payments. Tables 4.2 through 4.5 show the level of payments to individuals who received payments only through various numbers of entities. Tables 4.6 through 4.8 show the level of payments to individuals who received payments through various numbers of entities, in their own name, and through general partnerships and joint ventures.

Table 4.1: Payments to Individuals Who Received Payments Through Entities, Including Payments in Their Own Name and/or Through General Partnerships and Joint Ventures

<u>Number of entities</u>	<u>Number of individuals</u>	<u>Total payments</u>
<u>Payments through entities</u>		
1	142,502	\$496,469,239
2	7,554	61,475,555
3	979	22,867,704
4 or more	<u>135</u>	<u>1,509,858</u>
Subtotal	<u>151,170</u>	<u>\$582,322,356</u>
<u>Payments through entities and other means^a</u>		
1	31,028	508,071,865
2	4,398	148,655,457
3 or more	<u>368</u>	<u>11,734,928</u>
Subtotal	<u>35,794</u>	<u>\$668,462,250</u>
Total	<u>186,964</u>	<u>\$1,250,784,606</u>

Notes: Columns may not add to totals because of rounding. Included are 8,251 individuals who received about \$98 million in payments through entities that were members of general partnerships and joint ventures.

^a"Other means" encompasses payments to individuals in their own name and through general partnerships and joint ventures. These payments totaled about \$439 million.

Table 4.2: Level of Payments to Individuals Who Received Payments Only Through One Entity

<u>Payment amount</u>	<u>Number of individuals</u>	<u>Total payments</u>
\$40,001 & over	632	\$29,766,807
30,001-40,000	666	23,098,251
20,001-30,000	3,092	73,611,019
10,001-20,000	10,246	142,149,288
1-10,000	<u>127,866</u>	<u>227,843,873</u>
Total	<u>142,502</u>	<u>\$496,469,239</u>

Notes: Columns may not add to totals because of rounding. Included are payments to individuals through their ownership in an entity that was a member of a general partnership or joint venture. The maximum allowable payment to individuals in one entity is \$50,000--through their 100-percent ownership of the entity.

Table 4.3: Level of Payments to Individuals Who Received Payments Only Through Two Entities

<u>Payment amount</u>	<u>Number of individuals</u>	<u>Total payments</u>
\$70,001 & over	18	\$1,387,068
60,001-70,000	28	1,794,902
50,001-60,000	<u>51</u>	<u>2,796,640</u>
Subtotal	<u>97</u>	<u>\$5,978,610</u>
40,001-50,000	139	6,310,923
30,001-40,000	231	7,963,849
20,001-30,000	464	11,395,369
10,001-20,000	1,025	14,790,082
1-10,000	<u>5,598</u>	<u>15,036,723</u>
Subtotal	<u>7,457</u>	<u>\$55,496,946</u>
Total	<u>7,554</u>	<u>\$61,475,555</u>

Notes: Columns may not add to totals because of rounding. Included are payments to individuals through entities that were members of general partnerships and joint ventures. The maximum allowable payment to individuals in two entities is \$75,000: \$50,000 through their 100-percent ownership of an entity plus \$25,000 through their 50-percent ownership in a second entity.

Table 4.4: Level of Payments to Individuals Who Received Payments Only Through Three Entities

<u>Payment amount</u>	<u>Number of individuals</u>	<u>Total payments</u>
\$90,001 & over	17	\$1,651,805
80,001-90,000	21	1,768,423
70,001-80,000	40	2,940,448
60,001-70,000	22	1,442,803
50,001-60,000	<u>44</u>	<u>2,368,504</u>
Subtotal	<u>144</u>	<u>\$10,171,983</u>
40,001-50,000	49	2,168,665
30,001-40,000	100	3,448,625
20,001-30,000	151	3,778,778
10,001-20,000	137	1,944,001
1-10,000	<u>398</u>	<u>1,355,652</u>
Subtotal	<u>835</u>	<u>\$12,695,721</u>
Total	<u>979</u>	<u>\$22,867,704</u>

Notes: Columns may not add to totals because of rounding. Included are payments to individuals through entities that were members of general partnerships and joint ventures. The maximum allowable payment to individuals in three entities is \$100,000: \$50,000 through their 100-percent ownership of an entity plus \$25,000 through their 50-percent ownership in each of two additional entities.

Table 4.5: Level of Payments to Individuals Who Received Payments Only Through Four or More Entities

<u>Payment amount</u>	<u>Number of individuals</u>	<u>Total payments</u>
\$90,001 & over	0	0
80,001-90,000	0	0
70,001-80,000	2	\$145,013
60,001-70,000	2	129,281
50,001-60,000	<u>4</u>	<u>208,520</u>
Subtotal	<u>8</u>	<u>\$482,814</u>
40,001-50,000	2	93,657
30,001-40,000	5	171,950
20,001-30,000	12	295,847
10,001-20,000	9	143,626
1-10,000	<u>99</u>	<u>321,964</u>
Subtotal	<u>127</u>	<u>\$1,027,044</u>
Total	<u>135</u>	<u>\$1,509,858</u>

Notes: Columns may not add to totals because of rounding. Included are payments to individuals through entities that were members of general partnerships and joint ventures. The maximum allowable payment to individuals in four or more entities could have exceeded \$100,000: \$50,000 through their 100-percent ownership of an entity, plus \$25,000 through their 50-percent ownership in each of two additional entities, plus payments through any other entities in which they owned an interest--of less than 10 percent--that USDA did not consider substantial. Although our analysis indicates that individuals received payments through more than the number of entities allowed, this is permitted in some circumstances as explained on pp. 18-19.

Table 4.6: Level of Payments to Individuals Who Received Payments Through One Entity and in Their Own Name and/or Through General Partnerships and Joint Ventures

<u>Payment amount</u>	<u>Number of individuals</u>	<u>Total payments</u>
\$70,001 & over	482	\$35,863,634
60,001-70,000	694	44,775,059
50,001-60,000	<u>1,168</u>	<u>63,472,372</u>
Subtotal	<u>2,344</u>	<u>\$144,111,065</u>
40,001-50,000	1,466	65,861,081
30,001-40,000	2,014	69,590,076
20,001-30,000	3,577	88,173,783
10,001-20,000	5,571	81,014,169
1-10,000	<u>16,056</u>	<u>59,321,690</u>
Subtotal	<u>28,684</u>	<u>\$363,960,799</u>
Total	<u>31,028</u>	<u>\$508,071,865</u>

Notes: Columns may not add to totals because of rounding. The maximum allowable payment for individuals receiving payments through one entity and in their own name and/or through general partnerships and joint ventures is \$75,000: \$50,000 in their own name plus \$25,000 through their 50-percent ownership in the entity.

Table 4.7: Level of Payments to Individuals Who Received Payments Through Two Entities and in Their Own Name and/or Through General Partnerships and Joint Ventures

<u>Payment amount</u>	<u>Number of individuals</u>	<u>Total payments</u>
\$90,001 & over	222	\$21,542,958
80,001-90,000	157	13,291,095
70,001-80,000	232	17,337,227
60,001-70,000	253	16,361,785
50,001-60,000	<u>259</u>	<u>14,196,795</u>
Subtotal	<u>1,123</u>	<u>\$82,729,860</u>
40,001-50,000	417	18,734,714
30,001-40,000	569	19,808,176
20,001-30,000	582	14,660,462
10,001-20,000	538	7,964,837
1-10,000	<u>1,169</u>	<u>4,757,408</u>
Subtotal	<u>3,275</u>	<u>\$65,925,597</u>
Total	<u>4,398</u>	<u>\$148,655,457</u>

Notes: Columns may not add to totals because of rounding. The maximum allowable payment for individuals receiving payments through two entities and in their own name and/or through general partnerships and joint ventures is \$100,000: \$50,000 in their own name plus \$25,000 through their 50-percent ownership in each of two additional entities.

Table 4.8: Level of Payments to Individuals Who Received Payments Through Three or More Entities and in Their Own Name and/or Through General Partnerships and Joint Ventures

<u>Payment amount</u>	<u>Number of individuals</u>	<u>Total payments</u>
\$90,001 & over	13	\$1,258,886
80,001-90,000	11	931,669
70,001-80,000	21	1,570,472
60,001-70,000	28	1,803,813
50,001-60,000	<u>22</u>	<u>1,217,494</u>
Subtotal	<u>95</u>	<u>\$6,782,334</u>
40,001-50,000	34	1,521,760
30,001-40,000	27	953,009
20,001-30,000	42	1,042,170
10,001-20,000	65	962,201
1-10,000	<u>105</u>	<u>473,455</u>
Subtotal	<u>273</u>	<u>\$4,952,595</u>
Total	<u>368</u>	<u>\$11,734,928</u>

Notes: Columns may not add to totals because of rounding. The maximum allowable payment for individuals receiving payments through three or more entities and in their own name and/or through general partnerships and joint ventures could have exceeded \$100,000: \$50,000 in their own name, plus \$25,000 through their 50-percent ownership in each of two additional entities, plus payments through any other entities in which they owned an interest--of less than 10 percent--that USDA did not consider substantial. Although our analysis indicates that individuals received payments through more than the number of entities allowed, this is permitted in some circumstances, as explained on pp. 18-19.

LEVEL AND CONFIGURATION
OF INDIVIDUALS' OWNERSHIP
IN ENTITIES

In describing the payments to individuals who were owners in entities, table 4.9 summarizes the level of ownership. Tables 4.10 through 4.13 show the level and configuration of ownership for those who received payments only through entities. Tables 4.14 through 4.16 show the level and configuration of ownership for those who received payments through entities and in their own name and/or through general partnerships and joint ventures. The tables show the extent of ownership at four levels that are key in USDA's administration of payment limit.

Table 4.9: Level of Ownership in Entities by Individuals Who Received Payments Through Entities

<u>Level of ownership</u>	<u>Number of owners</u>	<u>Total payments</u>
Over 50 percent	26,140	\$216,412,174
50 percent	31,671	271,888,140
10 to 49 percent	88,905	287,481,828
Less than 10 percent	<u>54,983</u>	<u>34,043,279</u>
Subtotal	<u>201,699</u>	<u>\$809,825,420</u>
Not analyzed	<u>411</u>	<u>2,345,159</u>
Total through entities	<u>202,110</u>	<u>\$812,170,579</u>
Payments through other means ^a		<u>438,614,027</u>
Total payments		<u>\$1,250,784,606</u>

Notes: Columns may not add to totals because of rounding. In obtaining the number of owners, some individuals were counted more than once. The 13,434 individuals who owned an interest in two or more entities were counted for each entity in which they had an interest. The 173,530 individuals who owned an interest in only one entity were counted only once.

^a"Other means" encompasses payments to individuals in their own name and through general partnerships and joint ventures.

Table 4.10: Level of Ownership in Entities by Individuals Who Received Payments Only Through One Entity

<u>Level of ownership</u>	<u>Number of individuals</u>	<u>Total payments</u>
Over 50 percent	17,242	\$151,260,015
50 percent	17,291	123,514,947
10 to 49 percent	64,139	195,753,359
Less than 10 percent	<u>43,830</u>	<u>25,940,919</u>
Total	<u>142,502</u>	<u>\$496,469,239</u>

Note: Columns may not add to totals because of rounding.

Table 4.11: Level and Configuration of Ownership in Entities by Individuals Who Received Payments Only Through Two Entities

Configuration of ownership:
Number of entities in which
interest owned was

<u>Over 50 percent</u>	<u>50 percent</u>	<u>10 to 49 percent</u>	<u>Less than 10 percent</u>	<u>Number of individuals</u>	<u>Total payments</u>
2				676	\$5,115,621
	2			724	12,430,226
		2		1,975	9,271,504
			2	1,013	863,455
1	1			289	6,766,974
1		1		623	9,893,786
1			1	356	3,536,187
	1	1		593	7,391,039
	1		1	235	2,115,030
		1	1	<u>1,070</u>	<u>4,091,733</u>
Total				<u>7,554</u>	<u>\$61,475,555</u>

Note: Columns may not add to totals because of rounding.

Table 4.12: Level and Configuration of Ownership in Entities by Individuals Who Received Payments Only Through Three Entities

Configuration of ownership:
Number of entities in which
interest owned was

<u>Over 50 percent</u>	<u>50 percent</u>	<u>10 to 49 percent</u>	<u>Less than 10 percent</u>	<u>Number of individuals</u>	<u>Total payments</u>
3				51	\$615,613
	3			192	6,734,366
		3		100	630,051
			3	67	84,058
2	1			18	326,413
2		1		22	306,212
2			1	15	153,099
	2	1		36	1,084,492
	2		1	6	130,443
		2	1	74	315,251
		1	2	55	284,252
	1		2	10	129,129
1			2	8	39,396
	1	2		30	750,093
1		2		28	768,743
1	2			187	8,867,797
1	1	1		27	992,883
1	1		1	6	133,973
1		1	1	17	261,737
	1	1	1	30	259,702
Total				<u>979</u>	<u>\$22,867,704</u>

Note: Columns may not add to totals because of rounding.

Table 4.13: Level and Configuration of Ownership in Entities by Individuals Who Received Payments Only Through Four or More Entities

Configuration of ownership:
 Number of entities in which
interest owned was

<u>Over</u> <u>50</u> <u>percent</u>	<u>50</u> <u>percent</u>	<u>10 to</u> <u>49</u> <u>percent</u>	<u>Less</u> <u>than 10</u> <u>percent</u>	<u>Number of</u> <u>individuals</u>	<u>Total</u> <u>payments</u>
<u>4 entities</u>					
				2	\$17,994
			4	15	28,696
3	1			2	54,282
3		1		1	12,711
3			1	1	3,013
	3		1	2	60,911
		3	1	5	25,669
		1	3	14	85,689
	1		3	1	1,045
1			3	4	61,937
2	2			1	38,262
2			2	1	1,461
		2	2	17	72,458
2	1		1	3	86,996
2		1	1	1	5,610
	1	1	2	1	8,686
1		1	2	3	66,086
1	2		1	1	60,819
	1	2	1	4	57,884
1		2	1	2	107,295
1	1	1	1	<u>1</u>	<u>5,792</u>
Subtotal				<u>82</u>	<u>\$863,300</u>

(cont.)

Configuration of ownership:
 Number of entities in which
interest owned was

<u>Over</u> 50 <u>percent</u>	<u>50</u> <u>percent</u>	<u>10 to</u> 49 <u>percent</u>	<u>Less</u> than 10 <u>percent</u>	<u>Number of</u> <u>individuals</u>	<u>Total</u> <u>payments</u>
<u>5 entities</u>					
5				1	1,070
			5	12	9,271
1			4	1	51,577
		1	4	2	15,058
	3		2	1	24,266
		3	2	3	12,481
		2	3	5	2,716
	1	1	3	<u>1</u>	<u>20,259</u>
Subtotal				<u>26</u>	<u>\$136,697</u>
Not analyzed				<u>27</u>	<u>\$509,861</u>
Total				<u>135</u>	<u>\$1,509,858</u>

Notes: Columns may not add to totals because of rounding.
 Although our analysis indicates that individuals received payments
 through more than the number of entities allowed, this is permitted
 in some circumstances, as explained on pp. 18-19.

Table 4.14: Level of Ownership in Entities by Individuals Who Received Payments Through One Entity and in Their Own Name and/or Through General Partnerships and Joint Ventures

<u>Level of ownership</u>	<u>Number of individuals</u>	<u>Total payments</u>
Over 50 percent	4,661	\$30,134,788
50 percent	6,403	62,312,460
10 to 49 percent	14,617	58,754,176
Less than 10 percent	<u>5,347</u>	<u>4,476,052</u>
Total through entities	<u>31,028</u>	<u>\$155,677,476</u>
Payments through other means ^a		<u>352,394,389</u>
Total payments		<u>\$508,071,865</u>

Note: Columns may not add to totals because of rounding.

^a"Other means" encompasses payments to individuals in their own name and through general partnerships and joint ventures.

Table 4.15: Level and Configuration of Ownership in Entities by Individuals Who Received Payments Through Two Entities and in Their Own Name and/or Through General Partnerships and Joint Ventures

Configuration of ownership:
 Number of entities in which
 interest owned was

<u>Over 50 percent</u>	<u>50 percent</u>	<u>10 to 49 percent</u>	<u>Less than 10 percent</u>	<u>Number of individuals</u>	<u>Total payments</u>
2				222	\$1,954,056
	2			1,686	41,054,577
		2		863	6,495,065
			2	211	173,649
1	1			111	2,114,250
1		1		227	3,141,522
1			1	72	721,416
	1	1		492	8,756,916
	1		1	109	1,381,821
		1	1	405	1,981,433
Total through entities				<u>4,398</u>	<u>\$67,774,706</u>
Payments through other means ^a					<u>80,880,751</u>
Total payments					<u>\$148,655,457</u>

Note: Columns may not add to totals because of rounding.

^a"Other means" encompasses payments to individuals in their own name and through general partnerships and joint ventures.

Table 4.16: Level and Configuration of Ownership in Entities by Individuals Who Received Payments Through Three or More Entities and in Their Own Name and/or Through General Partnerships and Joint Ventures

Configuration of ownership:
Number of entities in which
interest owned was

<u>Over 50 percent</u>	<u>50 percent</u>	<u>10 to 49 percent</u>	<u>Less than 10 percent</u>	<u>Number of individuals</u>	<u>Total payments</u>
3 entities					
3				9	\$73,046
			3	43	66,275
2	1			5	63,638
2		1		14	255,185
2			1	1	3,102
	2		1	21	633,020
		2	1	41	376,613
		1	2	18	69,411
	1		2	4	27,406
1			2	8	11,682
1		2		21	403,509
1	2			26	955,857
1	1	1		8	304,898
1	1		1	3	77,617
1		1	1	8	213,867
	1	1	1	<u>19</u>	<u>400,668</u>
Subtotal				<u>249</u>	<u>\$3,935,792</u>
4 entities					
4				3	42,457
			4	1	2,018
3		1		2	86,392
	1		3	1	16,384
2		2		1	34,260

(cont.)

Configuration of ownership:
 Number of entities in which
interest owned was

<u>Over</u> <u>50</u> <u>percent</u>	<u>50</u> <u>percent</u>	<u>10 to</u> <u>49</u> <u>percent</u>	<u>Less</u> <u>than 10</u> <u>percent</u>	<u>Number of</u> <u>individuals</u>	<u>Total</u> <u>payments</u>
2			2	2	48,766
	2		2	1	15,079
1		1	2	2	12,170
1	2		1	4	158,120
1		2	1	2	95,494
Subtotal				19	\$511,142
<u>5 entities</u>					
1			4	2	11,267
		2	3	2	20,962
	1	1	3	2	34,358
Subtotal				6	\$66,587
<u>6 entities</u>					
3			3	1	12,590
<u>11 entities</u>					
	1	1	9	1	34,633
Not analyzed				92	1,835,298
Total through entities				368	\$6,396,041
Payments through other means ^a					5,338,887
Total payments					\$11,734,928

Notes: Columns may not add to totals because of rounding. Although our analysis indicates that individuals received payments through more than the number of entities allowed, this is permitted in some circumstances, as explained on pp. 18-19.

^a"Other means" encompasses payments to individuals in their own name and through general partnerships and joint ventures.

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